

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02017A
Southern Water Corporation
P.O. Box 85160
Tucson, AZ 85754

RECEIVED

MAR 20 2008

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

3-20-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Southern Water Corporation		
Mailing Address 2102 N. Forbes, #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address Same as above		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management, Inc.			
(Name)		(Title)	
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: Doug Dorough			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent Ezra H. Lewis			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney:			
(Name)			
(Street) (City) (State) (Zip)			
Telephone Number (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to you company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input checked="" type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	650	92	558
311	Pumping Equipment	26700	1949	24751
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	5879	298	5581
331	Transmission and Distribution Mains	13844	1320	12524
333	Services	1425	71	1354
334	Meters and Meter Installations	1438	102	1336
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	49936	3832	46104

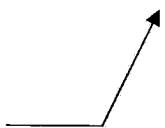
This amount goes on the Balance Sheet Acct. No. 108



See Accountants' Report.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)*
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
	Wells and Springs	650	5%	29
311	Pumping Equipment	26700	5%	1303
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	5879	5%	294
331	Transmission and Distribution Mains	13844	5%	659
333	Services	1425	5%	71
334	Meters and Meter Installations	1438	5%	70
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	49936		2426

This amount goes on Comparative statement of Income and Expense Acct. No. 403. 

Depreciation for 2007 is based on O.C.L.D.

See Accountants' Report.

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 3911	\$ 1970
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	2094	2474
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 6005	\$ 4444
	FIXED ASSETS		
101	Utility Plant in Service	\$ 26990	\$ 49936
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(1406)	(3832)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 25584	\$ 46104
	TOTAL ASSETS	\$ 31589	\$ 50548

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 1876	\$ 1487
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	34800	57300
235	Customer Deposits	250	300
236	Accrued Taxes	114	128
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 37040	\$ 59215
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 37040	\$ 59215
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ ---	\$ 7600
211	Paid in Capital in Excess of Par Value*		
215	Retained Earnings	(5451)	(16267)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (5451)	\$ (8667)
	TOTAL LIABILITIES AND CAPITAL	\$ 31589	50548

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 24464	\$ 24758
460	Unmetered Water Revenue		
474	Other Water Revenue	100	20
	TOTAL REVENUES	\$ 24564	\$ 24778
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	2642	2948
618	Chemicals	35	16
620	Repairs and Maintenance	2396	3310
621	Office Supplies and Expense	949	394
630	Outside Services	20717	18121
635	Water Testing	2110	2544
641	Rents		
650	Transportation Expenses	4623	4584
657	Insurance – General Liability		
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	1346	2426
408	Taxes Other Than Income	665	1265
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 35483	\$ 35608
	OPERATING INCOME/(LOSS)	\$ (10919)	\$ (10830)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	13	14
426	Miscellaneous Non-Utility Income		
427	Interest Expense	(2)	---
	TOTAL OTHER INCOME/(EXPENSE)	\$ 11	\$ 14
	NET INCOME/(LOSS)	\$ (10908)	\$ (10816)

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ -0-

Meter Deposits Refunded During the Test Year \$ -0-

COMPANY NAME Southern Water Corporation	
Name of System:	ADEQ Public Water System Number: 12-010

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled
A32ABDH2010	5		500	6		
A32ABC212010	Not in service					

*Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (Gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Southern Water Company
Name of System	ADEQ Public Water System Number (if applicable) 12-308

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
A19BDC12308	7.5		450	8		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
		5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

See Accountants' Report.

COMPANY NAME Southern Water Company	
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	10,560
3		
4		
5		
6		
8		
10		
12		
2	PVC	1,320
3	PVC	1,320

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	54
3/4	1
1	1
1 1/2	1
2	
Comp. 3	1
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

None

STRUCTURES:

3 Fences (at each well site)

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

See Accountants' Report.

COMPANY NAME: Southern Water Company	
Name of System: Southern Water	ADEQ Public Water System Number: 12-010

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	38	234	314	0
FEBRUARY	38	191	295	0
MARCH	38	223	345	0
APRIL	38	327	428	0
MAY	38	375	573	0
JUNE	38	554	662	0
JULY	38	499	609	0
AUGUST	38	188	285	0
SEPTEMBER	38	328	409	0
OCTOBER	38	280	355	0
NOVEMBER	38	308	423	0
DECEMBER	38	211	270	0
TOTALS →		3,717	4,968	0

What is the level of arsenic for each well on your system? 0.003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Southern Water Company
Name of System: Southern Water ADEQ Public Water System Number: 12-308

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	20	110	110	0
FEBRUARY	20	128	128	0
MARCH	20	101	101	0
APRIL	20	132	132	0
MAY	20	228	228	0
JUNE	20	199	199	0
JULY	20	184	220	0
AUGUST	20	121	150	0
SEPTEMBER	20	177	212	0
OCTOBER	20	173	200	0
NOVEMBER	20	170	198	0
DECEMBER	20	135	158	0
TOTALS →		1,859	2,036	0

What is the level of arsenic for each well on your system? 0.0038 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (x) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (x) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2007 was \$ 1265.23

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

F

If no property tax paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

MAR 20 2008

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

(COUNTY OF (COUNTY NAME))	
Pima	
NAME (OWNER OR OFFICIAL)	TITLE
Ezra H. Lewis	President
COMPANY NAME	
Southern Water Corporation	

AZ CORP COMM
Director Utilities

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION
COMMISSION**

FOR THE YEAR ENDING

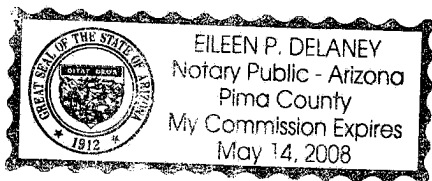
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE
CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT
AND PAID IN FULL.**




SIGNATURE OF OWNER OR OFFICIAL

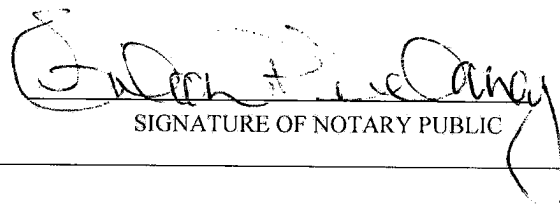
520-623-5172
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS** 18 **DAY OF**

COUNTY NAME	PIMA
MONTH	MARCH 20 08

(SEAL)

MY COMMISSION EXPIRES May 14, 2008


SIGNATURE OF NOTARY PUBLIC

INCOME TAXES

For this reporting period, please provide the following:

Federal Taxable Income Reported S Corporation
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported S Corporation
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances: _____

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Ezra H. Lewis
SIGNATURE

3/18/08
DATE

Ezra H. Lewis
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAR 20 2008

**VERIFICATION
STATE OF**

Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Pima

NAME (OWNER OR OFFICIAL) TITLE

Ezra H. Lewis, President

COMPANY NAME

Southern Water Corporation

AZ CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

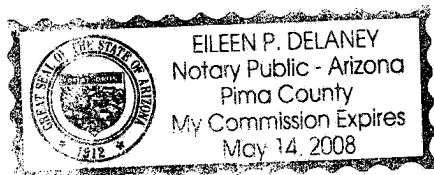
YEAR

2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:



Arizona intrastate Gross Operating Revenues Only (\$)

\$ 26448.62

(THE AMOUNT IN THE BOX ABOVE

INCLUDES \$ 1670.62

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL

520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

18

DAY OF

(SEAL)

MY COMMISSION EXPIRES

MAY 14, 2008

COUNTY NAME

PIMA

MONTH MARCH

2008

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**

RECEIVED

MAR 20 2008

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION
COMMISSION**

FOR THE YEAR ENDING

Intrastate Revenues Only

AZ CORP COMM
Director Utilities

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Ezra H. Lewis	TITLE President
COMPANY NAME Southern Water Corporation	

MONTH 12	DAY 31	YEAR 2007
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

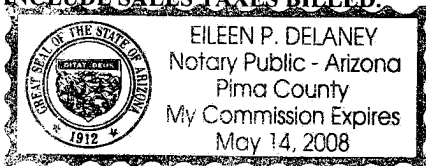
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 17268.78
--

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1167.12
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY
OF
THIS**

18 DAY OF

(SEAL)

MY COMMISSION EXPIRES MAY 14, 2008

Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL

520-623-5172
TELEPHONE NUMBER

NOTARY PUBLIC NAME EILEEN P DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	2008

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

2007 FIRST HALF PAYMENT COUPON

Due October 1, 2007

SOUTHERN WATER CORPORATION**37-12-500 5 Roll Number: 0042097**

Delinquency Date First Half Payment
 Penalty for late payment is 16% per year prorated
 monthly as of the 1st day of the month for payments
 postmarked after **5:00 P.M. November 1, 2007**
 (ARS 42-18052 and ARS 42-18053).

Any total property tax notice of \$100 or less must
 be paid **in full** using the first payment coupon, no
 later than **November 1, 2007 at 5:00 P.M.**

To pay taxes for the full year, send the 1st half
 coupon with your payment postmarked no later than
 Dec. 31, 2007. Delinquent interest will be waived.

Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N Congress Dr
 Nogales AZ 85621-1091

TO PAY 1ST HALF ONLY PAY **600.02**TO PAY FULL YEAR TAX PAY **1,200.04**

If your mortgage company makes your property
 tax payments consider this notice as a courtesy
 copy for your records only.



129371250000500000060002



Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N Congress Dr
 Nogales AZ 85621-1091

2007 9371250005 1 00000012000400000060002

THE SOUTHERN WATER CORPORATION

PO Box 85160
 TUCSON, AZ 85754
 (520) 623-5172

WELLS FARGO BANK, N.A.
 WWW.WELLSFARGO.COM
 91-527/1221

1221

10/10/2007

PAY TO THE ORDER OF **Caesar Ramirez - Santa Cruz Co. Treasurer**

\$ ****600.02**

Six Hundred and 02/100***** DOLLARS

Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N. Congress Dr.
 Nogales, AZ 85621-1091

MEMO: 1st Half Prop Tax 2007, 937-12-500 5

⑈001221⑈ ⑆122105278⑆5306074500⑈

THE SOUTHERN WATER CORPORATION

1221

Caesar Ramirez - Santa Cruz Co. Treasurer

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/3/2007	Bill	1st Half 2007	600.02	600.02		600.02
				Check Amount		600.02

2006 SECOND HALF PAYMENT COUPON

Due March 1, 2007
SOUTHERN WATER CORPORATION

937-12-500 5 0041671

Delinquency Date Second Half Payment

Penalty for late payment is 16% per year
 prorated monthly as of the 1st day of the
 month for payments postmarked after **5:00**
P.M. May 1, 2007 (ARS 42-18052 and ARS
 42-18053).

2

Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N Congress Dr
 Nogales AZ 85621-1091

TO PAY 2ND HALF

PAY ▶

665.21

If your mortgage company makes your property
 tax payments consider this notice as a courtesy
 copy for your records only.



129371250000500000066521



Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N Congress Dr
 Nogales AZ 85621-1091

2006 9371250005 2 00000013304200000066521

THE SOUTHERN WATER CORPORATION

PO Box 85160
 TUCSON, AZ 85754
 (520) 623-5172

WELLS FARGO BANK, N.A.
 WWW.WELLSFARGO.COM
 91-527/1221

1179

4/5/2007

PAY TO THE ORDER OF Caesar Ramirez - Santa Cruz Co. Treasurer

\$ **665.21

Six Hundred Sixty-Five and 21/100*****

DOLLARS

Caesar Ramirez
 Santa Cruz County Treasurer
 2150 N. Congress Dr.
 Nogales, AZ 85621-1091

MEMO: 2nd Half 2006, 937-12-500 5

Signature

⑈001179⑈ ⑆122105278⑆5306074500⑈

THE SOUTHERN WATER CORPORATION

Caesar Ramirez - Santa Cruz Co. Treasurer

1179

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
3/27/2007	Bill	2nd Half 2006	665.21	665.21		665.21
				Check Amount		665.21

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

We have compiled the balance sheets of Southern Water Corporation as of December 31, 2007 and 2006, and the related statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand & Valenzuela, CPAs, P.C.

March 13, 2008